

CITY OF BOGALUSA SCHOOL BOARD

**BASIC FINANCIAL
STATEMENTS, SUPPLEMENTAL
INFORMATION AND INDEPENDENT
AUDITOR'S REPORTS**

For the Year Ended June 30, 2002

City of Bogalusa School Board

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INDEPENDENT AUDITORS' REPORT

City of Bogalusa School Board

1705 Sullivan Drive
Bogalusa, LA 70429

Dear Board Members:

We have audited the accompanying basic financial statements of the **City of Bogalusa School Board** (the "School Board"), as of and for the year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the School Board as of June 30, 2002 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2002 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1 to the basic financial statements, the School Board adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2001. This results in a change in the format and content of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis and the budgetary information on pages 3 through 8 and 35 through 41 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Board taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements of the School Board. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Reboue & Company

December 13, 2002

**City of Bogalusa School Board
Bogalusa, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2002**

The Managements' Discussion and Analysis (MD&A) of the Bogalusa City School Board's (School Board) financial performance provides an overall review and objective, easily readable analysis of the School Board's financial activities for the fiscal year ended June 30, 2002. The intent of the MD&A is to look at the School Board's overall financial performance and to assist readers in assessing the financial position as a result of the year's operations. Therefore, readers should read the MD&A in conjunction with the School Board's Basic Financial Statements and the Notes to the Financial Statements.

The MD&A is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2001 – 2002) and the prior year (2000 – 2001) is required to be presented in the MD&A. However, since this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare comparative data and that Statement No. 34 permits the omission of prior year data in the year of implementation, the School Board and management have elected not to prepare comparative data due to the cost of adjusting the prior year's financial statements to the new reporting model. Prior-year comparative data will be available in the future to provide a more meaningful comparative analysis of the government-wide data.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2001 – 2002 fiscal year include the following:

- Net assets increased by \$1,098,098 for the year ended June 30 2002. The net increase was the result of added ad valorem, and Minimum Foundation revenue. Net assets at June 30, 2002 was \$2,687,102.

- Major asset captions increased as follows:

	Increase
Cash and equivalents	\$ 701,574
Receivables	310,110

- Total Assets including Capital Assets net of accumulated depreciation was \$4,686,104 as at June 30, 2002.

**City of Bogalusa School Board
Bogalusa, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2002**

The increase in cash was caused mainly by an increase in property taxes, sales tax and receivables. The decline in receivables from governments is a result of more reimbursement requests being completed and payments from the State Department of Education being finalized sooner.

- Total liabilities of \$1,999,002 at June 30, 2002 increased by \$164,916 due primarily to an increase in accounts and salaries payable. Salaries payable increased as a result of teacher and support personnel salary increases.
- Property Tax revenue increased over last year as a result of a taxable assessed valuation increase of \$12,486,610.
- Sales and use tax revenue increased approximately \$200 thousand. Sales and use tax revenues are used solely for employee salaries and related benefits.
- The largest single revenue source continues to be the Minimum Foundation Program (MFP) distribution from the state, amounting to \$12,599,624, which is an increase of approximately \$476,000 from a year ago. This MFP formula establishes a standard of local support for each school system based on the State average of local support relative to the system's capacity to raise local funds.
- Expenditures increased as a result of salary step increases, increased sales tax payments included in employee salaries, additional expenditures in technology, and program increases in federally funded programs. Health insurance benefits costs increased and will continue to increase requiring close monitoring considering its budget impact.
- Grant revenue increased when compared to a year ago. The Child Nutrition Program (CNP) continues to be the largest federally funded program with \$1.6 million in revenue compared to Title I with \$1.1 million. The student lunch prices have remained constant. The breakfast and lunch program provides free or reduced price meals to those students whose family meets federal guidelines.
- Total revenues as of June 30, 2002 was \$22,564,587. This represents an increase of \$1.8 million over the prior year.

USING THE BASIC FINANCIAL STATEMENTS

The School Board's Basic Financial Statements consist of a series of financial statements and the associated notes to those statements. These statements are organized so the reader can understand the operations of the School Board as a financial whole, i.e., the entire operating entity, its funds, and its fiduciary responsibilities. The "Basic Financial Statements" Section,

**City of Bogalusa School Board
Bogalusa, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2002**

consisting of the Statement of Net Assets, and the Statement of Activities provide highly consolidated financial information, and render a government-wide perspective of the School Board's financial condition. The Fund Financial Statements provide the next level of detail and look at the School Board's most significant funds and a total of all other non-major funds.

Reporting the School district as a Whole

Statement of Net assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities present an aggregate view of the School Board's finances and a longer-term view of those finances. These statements seek to answer the question, "How did the School Board do financially during the 2001-2002 fiscal year?" These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the Board's current year revenues and expenses regardless of when paid or received.

These two statements report the School Board's net assets and changes in those assets. By showing the change in net assets for the year, the reader may ascertain whether the School Board's financial condition has improved or deteriorated. The causes of the change may be the result of many factors, both financial and non-financial in nature. Non-financial factors that may have an impact on the School Board's financial condition include the School Board's property and sales tax base, student enrollment, facility conditions, required educational programs for which little or no funding is provided, or other external factors.

Fund Financial Statements provide more in-depth data on the School Board's most significant funds, such as its General Fund, Title I Fund the Child Nutrition Program Leeway Maintenance and Special Education. These funds are considered "major funds" under GASB Statement No. 34.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows in and out of those funds, the balances that are left at year-end and the amount available for spending in future periods. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. The relationship between governmental activities reported in the Basic Financial Statements and the governmental funds reported in the Fund Financial Statements are reconciled in the financial statements.

Governmental Activities

As reported in the Statement of Activities the cost of the School Board's governmental activities for the year ended June 30, 2002 was approximately \$21 million. The Statement of Activities shows the cost of program services and the charges and grants offsetting some of those services. Grants of \$4.5 million subsidized certain programs, and charges for services, such as fees for

**City of Bogalusa School Board
Bogalusa, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2002**

school lunches contributed \$107 thousand. The remaining amount was financed by the taxpayers in Ward 4 through ad valorem taxes, a parish wide sales and use tax and in State Revenue Sharing. The Minimum Foundation Program (MFP) from the State of Louisiana funded \$12.6 million and other general revenues contributed the remainder. In Table I below, the cost of the School Board's largest categories of expenses are presented as well as each program's net cost (total cost less revenues generated by the activities). This "net cost" presentation allows Ward 4 taxpayers to determine the remaining cost of the various categories, and also allows them the opportunity to assess the cost of each function in comparison to the benefits they believe are provided by the function.

Table I
Total and Net Cost of Governmental Activities
Year Ended June 30, 2002

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction:		
Regular Education Programs	\$ 6,991,747	\$ (6,855,375)
Special Education Programs	4,017,217	(3,106,659)
Vocational Programs	443,648	(392,671)
Adult Programs	44,257	1,306
All Other Programs	807,918	(129,447)
Support services:		
Student services	1,073,199	(1,058,845)
Instructional staff support	930,822	(291,996)
General administration	2,508,773	(1,139,314)
School administration	1,157,101	(1,157,101)
Business Services	367,680	(367,680)
Plant services	1,803,329	(1,599,007)
Student transportation services	797,401	(759,903)
Central Services	42,699	(42,699)
Food services	460,199	77,480
Community service programs	2,891	16
Summer feeding	<u>17,608</u>	<u>2,257</u>
Total Governmental Activities	\$ 21,466,489	\$ (16,819,638)

**City of Bogalusa School Board
Bogalusa, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2002**

THE SCHOOL BOARD'S FUNDS

The School Board uses funds to control and permit measurement in the short term of the revenues and expenditures of a particular activity or purpose (e.g., dedicated taxes and grant programs). The Fund Financial Statements allow the School Board to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial management of the School Board and assess further the School Board's overall financial stability.

As the School Board completed the fiscal year ended June 30 2002, its combined fund balance was \$1,884,336, as compared to a combined fund balance of \$864,273 as of June 30, 2001. As mentioned earlier, the majority of this increase is attributable to the increase of ad valorem taxes and minimum foundation revenue.

General Fund Budgetary Highlights

The School Board's budget is prepared according to Louisiana Law. During the course of the year, the School Board revises its budget to take into consideration significant changes in revenues and expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. The original budget for the School Board was adopted on September 11, 2001, and the final revised budget was adopted on June 10, 2002.

A statement showing the School Board's original and final budget compared with actual operating results is provided in this financial report. The School Board's year-end actual results were better than had been budgeted, as conservative budgetary practices are customary. Revenues are forecast conservatively and expenditures are budgeted in anticipation of all possible costs and projects. The General Fund actual revenues exceeded projections by \$57 thousand and expenditures were under final projections by \$1.2 million. The overall undesignated fund balance of \$1.9 million is adequate for an operation of this size in an environment with declining student enrollment. The improved results are welcome and necessary to support operations through the 2002 – 2003 fiscal year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2002, the School Board has approximately \$14.0 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, and other equipment.

**City of Bogalusa School Board
Bogalusa, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2002**

Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year. The table below shows the value of capital assets at the end of 2001 and 2002 fiscal years.

Capital assets
June 30, 2001 and June 30, 2002

	2001	2002
Land	\$ 185,426	\$ 290,626
Buildings	9,768,213	9,920,946
Equipment	<u>3,803,750</u>	<u>3,794,552</u>
Totals	<u>\$ 13,757,389</u>	<u>\$ 14,006,123</u>

During the current year, there were additions of \$601,169 and deletions of \$352,435.

CITY OF BOGALUSA SCHOOL BOARD

Statement of Net Assets

June 30, 2002

ASSETS

Cash and cash equivalents	\$ 1,941,100
Other receivables	23,751
Due from other governments	1,421,250
Inventory	56,802
Capital Assets (net of accumulated depreciation)	<u>1,243,201</u>
Total assets	<u>4,686,104</u>

LIABILITIES

Accounts, salaries, and other payables	1,558,567
Long-term liabilities:	
Due in more than one year	<u>440,435</u>
Total Liabilities	<u>1,999,002</u>

NET ASSETS

Invested in capital assets, net of related debt	1,243,201
Unrestricted	<u>1,443,901</u>

TOTAL NET ASSETS	<u><u>\$ 2,687,102</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD

Statement of Activities For the Year Ended June 30, 2002

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET ASSETS
Governmental activities:					
Instruction:					
Regular programs	\$ 6,991,747	\$ -	\$ 136,372	\$ -	\$ (6,855,375)
Special programs	4,017,217	-	910,558	-	(3,106,659)
Vocational programs	443,648	-	50,977	-	(392,671)
Adult programs	44,257	-	45,563	-	1,306
All other programs	807,918	-	678,471	-	(129,447)
Support services:					
Student services	1,073,199	-	14,354	-	(1,058,845)
Instructional staff support	930,822	-	638,826	-	(291,996)
General administration	2,508,773	-	1,369,459	-	(1,139,314)
School administration	1,157,101	-	-	-	(1,157,101)
Business services	367,680	-	-	-	(367,680)
Plant services	1,803,329	-	204,322	-	(1,599,007)
Student transportation services	797,401	-	37,498	-	(759,903)
Central services	42,699	-	-	-	(42,699)
Food services	460,199	141,581	396,098	-	77,480
Community service programs	2,891	-	2,907	-	16
Summer feeding	17,608	-	19,865	-	2,257
Total Governmental Activities	<u>\$ 21,466,489</u>	<u>\$ 141,581</u>	<u>\$ 4,505,270</u>	<u>\$ -</u>	<u>\$ (16,819,638)</u>
Taxes:					
Property taxes, levied for general purposes					2,244,626
Property taxes, levied for specific revenue					395,827
Sales and use taxes, levied for general purposes					2,228,817
State revenue sharing					205,563
Grants and contributions not restricted to specific purposes:					
Minimum Foundation Program					12,599,624
Interest and investment earnings					31,490
Miscellaneous					<u>211,789</u>
Total general revenues and special items					<u>17,917,736</u>
Change in net assets					1,098,098
Net assets - July 1, 2001					<u>1,589,005</u>
Net assets - June 30, 2002					<u>\$ 2,687,102</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
Governmental Funds
Balance Sheet
June 30, 2002

	General Fund	Food Services	Title I	Leeway Maintenance	Special Education	Other Governmental Funds	TOTAL
ASSETS							
Cash and cash equivalents	\$ 1,049,057	\$ 391,759	\$ 70,701	\$ 411,580	\$ 18,003	\$ -	\$ 1,941,100
Investments	-	-	-	-	-	-	-
Receivables	971,799	136,464	166,552	23,459	27,591	119,136	1,445,001
Interfund receivables	692,378	55,119	772	-	153	-	748,422
Inventory	-	56,802	-	-	-	-	56,802
TOTAL ASSETS	<u>\$ 2,713,234</u>	<u>\$ 640,144</u>	<u>\$ 238,025</u>	<u>\$ 435,039</u>	<u>\$ 45,747</u>	<u>\$ 119,136</u>	<u>\$ 4,191,325</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts, salaries, and other payables	\$ 1,349,068	\$ 64,414	\$ 67,614	\$ -	\$ 12,583	\$ 64,888	\$ 1,558,567
Interfund payables	56,044	-	170,411	434,555	33,164	54,248	748,422
Total Liabilities	<u>1,405,112</u>	<u>64,414</u>	<u>238,025</u>	<u>434,555</u>	<u>45,747</u>	<u>119,136</u>	<u>2,306,989</u>
Fund balances:							
Reserved for:							
Inventory	-	56,802	-	-	-	-	56,802
Unreserved, Undesignated, Reported In:							
General Fund	1,308,122	-	-	-	-	-	1,308,122
Special Revenue Funds	-	518,928	-	484	-	-	519,412
Total Fund Balances	<u>1,308,122</u>	<u>575,730</u>	<u>-</u>	<u>484</u>	<u>-</u>	<u>-</u>	<u>1,884,336</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,713,234</u>	<u>\$ 640,144</u>	<u>\$ 238,025</u>	<u>\$ 435,039</u>	<u>\$ 45,747</u>	<u>\$ 119,136</u>	<u>\$ 4,191,325</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2002

Total Fund Balances at June 30, 2002 - Governmental Funds		\$ 1,884,336
Cost of capital assets at June 30, 2002	\$ 14,006,123	
Less - accumulated depreciation as of June 30, 2002:		
Buildings	(8,600,726)	
Movable property	(4,162,196)	1,243,201
Elimination of interfund assets and liabilities:		
Due from other funds	748,422	
Due to other funds	748,422	-
Long-term liabilities at June 30, 2002:		
Compensated absences		(440,435)
Net Assets at June 30, 2002		\$ 2,687,102

The notes to the financial statements are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
Governmental Funds
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2002

	General Fund	Food Services	Title I	Leeway Maintenance	Special Education	Other Governmental Funds	Total
REVENUES							
Local sources:							
Taxes:							
Ad valorem	\$ 2,244,626	\$ -	\$ -	\$ 395,827	\$ -	\$ -	\$ 2,640,453
Sales and use	2,228,817	-	-	-	-	-	2,228,817
Interest earnings	27,570	568	-	3,352	-	-	31,490
Charges for services	-	141,581	-	-	-	-	141,581
Other	282,468	-	-	-	-	-	282,468
Total Local Sources	4,783,481	142,149	-	399,179	-	-	5,324,809
State sources:							
Minimum Foundation Program	12,389,635	209,989	-	-	-	-	12,599,624
Revenue Sharing	205,563	-	-	36,276	-	-	241,839
PIPS	94,416	-	-	-	-	-	94,416
Other	593,611	-	-	-	10,731	114,314	718,656
Total State Sources	13,283,225	209,989	-	36,276	10,731	114,314	13,654,535
Federal Sources	391,508	1,311,105	1,113,819	-	514,640	254,171	3,585,243
TOTAL REVENUES	18,458,214	1,663,243	1,113,819	435,455	525,371	368,485	22,564,587
EXPENDITURES							
Current:							
Instruction:							
Regular programs	7,004,597	-	-	-	-	-	7,004,597
Special programs	2,771,577	-	573,701	-	525,371	286,395	4,157,044
Vocational programs	444,463	-	-	-	-	-	444,463
All other programs	682,003	-	-	-	-	-	682,003
Adult programs	44,338	-	-	-	-	-	44,338
Support services:							
Student services	1,079,100	-	-	-	-	-	1,079,100
Instructional staff support	441,203	-	415,867	-	-	78,870	935,940
General administration	1,584,875	814,325	111,408	11,960	-	-	2,522,568
School administration	1,163,463	-	-	-	-	-	1,163,463
Business services	369,702	-	-	-	-	-	369,702
Plant services	1,237,719	138,769	12,242	423,601	-	914	1,813,245
Student transportation services	801,786	-	-	-	-	-	801,786
Central services	42,934	-	-	-	-	-	42,934
School food services	-	480,434	-	-	-	-	480,434
Community service programs	-	-	-	-	-	2,306	2,306
Other expenses	-	-	601	-	-	-	601
Total expenditures	17,667,760	1,433,528	1,113,819	435,561	525,371	368,485	21,544,524
(Continued)							

CITY OF BOGALUSA SCHOOL BOARD
Governmental Funds
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30,2002

	General Fund	Food Services	Title I	Leeway Maintenance	Special Education	Other Governmental Funds	Total
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	790,454	229,715	-	(106)	-	-	1,020,063
FUND BALANCES - JULY 1, 2001	517,668	346,015	-	590	-	-	864,273
FUND BALANCES - JUNE 30, 2002	<u>\$ 1,308,122</u>	<u>\$ 575,730</u>	<u>\$ -</u>	<u>\$ 484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,884,336</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2002

Total net change in fund balances - governmental funds	\$	1,020,063
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period:

Depreciation expense	\$	(483,352)	
Capital outlays		<u>601,169</u>	117,817

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net increase in compensated absences		<u>(39,782)</u>	
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Change in net assets of governmental activities	\$	<u><u>1,098,098</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
Statement of Fiduciary Net Assets
June 30, 2002

	AGENCY FUND
	<hr/>
ASSETS	
Cash and cash equivalents	<hr/> \$119,338
TOTAL ASSETS	<hr/> <hr/> \$119,338
LIABILITIES	
Deposits due others	<hr/> \$119,338
TOTAL LIABILITIES	<hr/> <hr/> \$119,338

The notes to the financial statements are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements
June 30, 2002

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bogalusa School Board (the "School Board") is an independent special district created for the purpose of providing elementary and secondary education to the citizens of Bogalusa, Louisiana. The School Board is governed by an elected board comprised of seven members.

The following is a summary of the School Board's significant accounting policies which conform to generally accepted accounting principles as applicable to governmental units:

Reporting Entity - In conformity with the Governmental Accounting Standards Board's definition of a reporting entity, the basic financial statements of the School Board include the accounts of all School Board operations. The School Board is considered a stand-alone reporting entity based on the following criteria:

- a. *Responsibility for surpluses/deficits.* The School Board is solely responsible for its surpluses/deficits. No other governmental unit is responsible for its deficits or has a claim to its surpluses.
- b. *Budget Approval.* The School Board is solely responsible for reviewing, approving and revising its budget.
- c. *Responsibility for Debt.* The School Board is authorized to issue bonds. The School Board is solely responsible for payments to the bondholders. No other governmental unit is required by statute to make any payments to bondholders nor have any payments to bondholders ever been made by any governmental unit, except the School Board.
- d. *Designation of Management.* The School Board controls the hiring of management and employees.
- e. *Special Financial Relationship.* The School Board has no special financial relationships with any other governmental unit.
- f. *Statutory Authority.* The School Board's statutory authority was created by the State of Louisiana as an independent governmental unit. Only an amendment to state statutes can change or abolish the School Board's authority.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the School Board is a legally separate governmental organization that has a separately elected governing body and does not meet the definition of a component unit.

The School Board operates 9 schools within the City with a total enrollment of approximately 3187 pupils. In conjunction with the regular education programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

The accompanying financial statements of the School Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999. The School Board is required to implement this statement for the fiscal year ended June 30, 2003, but has elected to implement early.

For financial reporting purposes, the School Board includes all funds and activities for which the School Board exercises financial accountability. The School Board members, who are elected by the public, have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Certain units of local government, over which the School Board exercises no financial accountability, such as other independently elected parish officials and municipalities within the parish, are excluded from the financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the School Board. The School Board is not a component unit of any other entity and does not have any component units which require inclusion in the basic financial statements.

Basis of Presentation - Fund Accounting - The accounts of the School Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The various funds are summarized by type in the financial statements. The following fund types are used by the School Board:

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Governmental Funds

Governmental funds account for all or most of the School Board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the School Board. The following are the School Board's primary governmental funds:

General Fund - to account for all financial resources and expenditures except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Types

The Fiduciary Fund is used to account for assets held by the School Board in a trustee or agency capacity. The School Board maintains one fiduciary fund type, agency funds. An agency fund is custodial in nature and does not present results of operations or have a measurement focus.

Agency Funds - to account for assets held by the School Board as an agent for others.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the School Board, except for the fiduciary fund. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level. The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues

Program revenues included in the Statement of activities derive directly from parties outside the School Board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

Allocation of Indirect Expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about the School Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School Board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Federal and state entitlements (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid when available and measurable. Expenditure-driven federal and state grants are recorded as restricted grants-in-aid when the reimbursable expenditures have been incurred.

Revenues from local sources consist primarily of sales, use and property taxes. Year-end accrual of sales and use tax revenue is based upon June and prior months' sales and use taxes collected during July and August of the following year. Property tax revenues and revenues received from the State of Louisiana (the "State") are recognized as revenue primarily when received except at year end when they are accrued for a period not exceeding 60 days. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Generally, investment earnings are

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

recorded as earned since they are measurable and available. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant.

Expenditures

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) costs of accumulated unpaid vacation, sick leave and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees; (2) general long-term obligations principal and interest payments are recognized when due. Commitments under construction contracts are recognized as expenditures when earned by the contractor. Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of earned leave privileges not requiring current resources is not recorded in the FFS but is recorded in the GWFS as long-term liabilities.

Budget and Budgetary Accounting - Under Louisiana Revised Statutes 39:1304, the School Board adopts an annual budget of expected revenues and probable expenditures for the General Fund, and Special Revenue Funds. The budgetary process includes public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. The budget is adopted and submitted to the State Department of Education no later than September 15th each year. Once a budget is approved by the State Department of Education, it can be amended at the function level at the discretion of management unless it becomes evident that receipts or disbursements will vary substantially from those budgeted. Then, the School Board shall prepare and adopt an amended budget. During the year, several discretionary amendments were necessary. Generally, such discretionary amendments were of an insignificant nature.

Budgetary control is exercised at the revenue and expenditure function level. Budgeted amounts reflected in the accompanying basic financial statements were adopted by the School Board on September 11, 2001 and include amendments made through June 2002.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded, is not employed by the School Board, and encumbrances outstanding at year-end are not reported.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents - Cash and cash equivalents include all short-term, highly liquid investments (including certificates of deposit) with original maturity of three months or less when purchased.

Investments - Investments are stated at market value, which is based on published prices.

Inventories - The School Lunch Fund inventories consist of purchased food and supplies and commodities received as donations through the federal school lunch program. Such inventories are priced at cost (except for commodities received as donations which are priced using the USDA price list for commodities), on a first-in, first-out basis. The commodities are recorded as revenues when received. However, all inventories consumed are recorded as a commodities expenditure (consumption method).

Capital Assets - Capital assets which are purchased are recorded at cost or estimated historical cost. Actual historical cost data was not available for certain assets acquired prior to June 30, 1989. In those cases where it was not feasible to determine the actual cost, the assets were valued at estimated historical cost. Capital assets which are donated are recorded at their fair market value on the date received.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School Board, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15-30 years
Furniture and equipment	5 years

Compensated Absences

- A. Vacation and Sick Leave** - All full-time employees of the School Board are permitted to accrue vacation days (annual leave) and sick pay (sick leave). Annual leave can be accumulated up to a maximum of 15 days at the end of each fiscal year. Sick leave may

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

accrue up to an unlimited number of days. Upon termination of employment, the employee is paid for all accrued sick leave up to a maximum of 25 days. In the governmental funds, only that portion which will be liquidated within one year with expendable available financial resources is accrued at year-end. The term "expendable available financial resources" as used in this context means unreserved, undesignated fund balance. The remainder of the accrued liability which is applicable to governmental fund types is reported in the GWFS as long-term liabilities. Only that portion of accumulated sick leave which is vested is accrued.

- B. Sabbatical Leave - Any employee with a teaching certificate is entitled, subject to approval, to one semester of sabbatical leave after three or more years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leaves may be granted for rest and recuperation or professional and cultural improvement and must be approved by the School Board. Unused sabbatical leave may be carried forward to periods subsequent to that in which it is earned. Sabbatical leave does not vest. Sabbatical leave benefits are recorded as expenditures in the period paid.

The cost of current leave privileges is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when an employee (heir) is paid for accrued leave upon retirement or death.

The compensated absence liability is reported on the GWFS.

For the FFS, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

Restricted Net Assets

For GWFS Statement of Net Assets, net assets are reported as restricted when constraints placed on net assets used are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- Imposed by law through constitutional provisions or enabling legislation.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

2. CASH AND INVESTMENTS

Deposits - Under state law, the School Board may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under state law and national banks having their principal offices in Louisiana. In accordance with Louisiana Statutes, the School Board maintains deposits at those depository banks authorized by the School Board. All such depositories are members of the Federal Reserve System.

Louisiana Statutes require that all School Board deposits be protected by insurance or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by insurance.

As of June 30, 2002, the carrying amount of total deposits was \$1,941,100. The bank balances for these deposits totaled \$2,408,534 at June 30, 2002, and were insured or collateralized with securities held by the pledging financial institution or its agent, but not in the School Board's name. These deposits in excess of the insured amounts are considered Category 3 in accordance with GASB Statement No. 3.

Investments

Cash balances of the School Board's funds are pooled and invested to the extent possible in authorized investments. Interest earned on invested cash is distributed to the various funds on the basis of the actual invested cash balances of the participating funds during the year.

The School Board invests idle funds as authorized by Louisiana Statutes in direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States. The investments are in the name of the School Board and are held in the trust department of a custodial bank.

At June 30, 2002, the School Board held no investments.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

3. RECEIVABLES

The receivables at June 30, 2002, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Sales and use taxes	\$ 331,251	\$ -	\$ 331,251
Grants:			
Federal	5,139	424,847	429,986
State	567,497	24,422	591,919
Other	<u>67,912</u>	<u>23,933</u>	<u>91,845</u>
Total	<u>\$ 971,799</u>	<u>\$ 473,202</u>	<u>\$1,445,001</u>

4. DUE FROM/TO OTHER FUNDS

Individual balances due from/to other funds at June 30, 2002 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund		
	Leeway Maintenance	\$ 434,555
	Title I	170,411
	Special Education	33,164
	Title II	12,014
	Title VI	25,523
	HIPPY	<u>16,711</u>
Total due to General Fund		\$ 692,378
Special Revenue Funds:		
Special Education	General Fund	153
School Fund	General Fund	55,119
Title I	General Fund	<u>772</u>
Total due to Special Revenue Funds		<u>56,044</u>
Total		<u>\$ 748,422</u>

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

5. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Land	\$ 185,426	\$ 105,200	\$	\$ 290,626
Buildings and improvements	9,768,213	152,733		9,920,946
Furniture and equipment	<u>3,803,750</u>	<u>343,236</u>	<u>352,435</u>	<u>3,794,551</u>
Total	<u>\$ 13,757,389</u>	<u>\$ 601,169</u>	<u>\$ 352,435</u>	<u>\$ 14,006,123</u>
Less accumulated depreciation:				
Building and improvements	(8,485,017)	(115,709)	-	(8,600,726)
Furniture and equipment	<u>(3,794,552)</u>	<u>(367,644)</u>	<u>-</u>	<u>(4,162,196)</u>
Total	<u>(12,279,569)</u>	<u>(483,353)</u>	<u>-</u>	<u>(12,762,922)</u>
Capital assets, net	<u>\$ 1,477,820</u>	<u>\$ 117,816</u>	<u>\$ (352,435)</u>	<u>\$ 1,243,201</u>

Depreciation expense of \$483,353 for the year ended June 30, 2002, was charged to the following governmental functions:

Instruction:	
Regular Education	\$ 158,087
Special Education	90,935
Vocational Education	10,031
	16,393
Other Educational Programs	
Support Services:	
Student Services:	24,354
Instructional Staff Support	21,123
General Administration	56,932
School Administration	26,258
Business Services	8,344
Plant Services	40,923
Student Transportation	18,096
Central Services	969
School Food Services	10,843
Community Service	<u>65</u>
Total	<u>\$ 483,353</u>

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

6. SALES AND USE TAX

For the year ended June 30, 2002, a one cent local sales and use tax was levied and collected within Washington Parish by the Washington Parish Sheriff's Office of which 55% was received by the School Board. All of the sales tax proceeds are used to pay payroll related expenditures of the School Board.

7. SALARIES AND OTHER PAYABLES

The payables at June 30, 2002, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Accounts payable	\$ 696,826	\$ 82,969	\$ 779,795
Salaries and withholdings	1,069,697	113,460	1,183,157
Employer's portion of retirement payable	<u>128,484</u>	<u>13,070</u>	<u>141,554</u>
Total	<u>\$ 1,349,068</u>	<u>\$ 209,499</u>	<u>\$ 1,558,567</u>

8. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2002:

	<u>Balance July 1 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2002</u>
Compensated absences payable	<u>400,653</u>	<u>39,782</u>	<u>-</u>	<u>440,435</u>

9. RESERVATION OF FUND BALANCES

At June 30, 2002, the School Lunch Fund had a reservation of fund balance for inventory in the amount of \$56,802. This reservation indicates that the balance does not constitute available expendable resources even though inventory is a component of net current assets.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

10. PROPERTY TAXES

The School Board levies taxes on real and business personal property located within Ward 4 of Washington Parish. Property taxes are levied by the School Board on property values assessed by the Washington Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Washington Parish Sheriff's Office bills and collects property taxes for the School Board.

Property Tax Calendar

Assessment date	January 1
Total taxes are due	About November 15
Penalties and interest are added	December 31
Lien date	January 1
Tax sale - delinquent property	About June 1

The following is a summary of levied ad valorem taxes for the year ended June 30, 2002:

	<u>Levied Millage</u>	<u>Expiration Date</u>
Bogalusa School Board taxes:		
Constitutional	6.43	Indef.
Operations	6.43	2005
Construction, operation, and maintenance	5.02	2002
Operations	3.11	2008
Special Leeway Maintenance	7.76	2008
Operations	22.06	2008

11. RETIREMENT SYSTEMS

Substantially all employees of the School Board are required by State law to belong to retirement plans administered by the Teachers' Retirement System ("TRS") or the Louisiana School Employees' Retirement System ("LSERS"), both of which are administered on a statewide basis. Each plan issues a separate financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing or calling the plan.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

11. RETIREMENT SYSTEMS (CONTINUED)

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446

Louisiana School Employees' Retirement System
Post Office Box 44516
Baton Rouge, Louisiana 70804-4516
(225) 924-6484

Disclosures relating to these plans follow:

A. TEACHERS' RETIREMENT SYSTEM

1. *Plan Description* - All teachers, administrators, and school lunch employees of the School Board are covered by defined benefit contributory pension plans administered and controlled by a separate Board of Trustees. The Board of Trustees administers plans which are cost-sharing multiple-employer public employee retirement systems.

All teachers, administrators, and school lunch employees are eligible to participate in the TRS plans. Teachers and administrators belong to the Teachers' Regular Plan, and school lunch employees belong to the Teachers' Plan A plan. Benefits are established by State statute. TRS provides retirement benefits as well as death and disability benefits. Death and disability benefits vest after 5 years of credited service. Normal retirement is at age 60 with 10 years of service or 20 years of service regardless of age for the Teachers' Regular plan members. For the Teachers' Plan A plan members, normal retirement is at any age with 30 or more years of creditable service, at age 55 with at least 25 years of creditable service, and at age 60 with at least 10 years of creditable service. Retirement benefits are based upon the following formula percentages.

<u>Years of Service</u>	<u>Minimum Age</u>	<u>Teachers' Regular</u>	<u>Teachers' Plan A</u>
10	60	2.0% per year	1.0% or 3.0% per year
20	Any age	2.0% per year	1.0% or 3.0% per year
25	55	2.5% per year	1.0% or 3.0% per year
30	Any age	2.5% per year	1.0% or 3.0% per year
20	65	2.5% per year	1.0% or 3.0% per year

The percentage formula is applied to the average of the highest three successive annual salaries. The benefit is payable for life with eight available annuity payment plans. The plans also provide various death and disability benefits, whereby the disabled employee or surviving spouse is entitled to receive amounts determined in accordance with the plan.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

11. RETIREMENT SYSTEMS (CONTINUED)

2. *Contributions Required and Made* - Covered employees and the School Board are required by State statute to contribute fixed percentages of employees' gross earnings to the pension plans. Contribution rates for the plans are as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer Contribution</u>
Teachers' Regular	8.00%	13.1%	\$1,508,940
Teachers' Plan A	9.10%	13.1%	\$18,197

The School Board's contributions to TRS for the years ended June 30, 2002, 2001 and 2000 were \$1,527,137, \$1,533,449, and \$1,618,119, respectively, equal to the required contributions for each year.

B. SCHOOL EMPLOYEES' RETIREMENT SYSTEM

1. *Plan Description* - Employees who are not teachers, administrators, or school lunch employees are covered by defined benefit contribution pension plans administered and controlled on a statewide basis by a separate Board of Trustees. The Board of Trustees administers this plan which is a cost-sharing multiple-employer public employees retirement system.

All employees, other than teachers, administrators, and school lunch employees, are eligible to participate in the LSERS. Benefits are established by State statute.

LSERS provides retirement benefits as well as death and disability benefits. Death and disability benefits vest after 5 years of credited service. Normal retirement is at any age with 30 or more years of creditable service, at age 55 with at least 25 years of creditable service, and at age 60 with at least 10 years of creditable service. The maximum retirement and disability benefit is an amount equal to 2 1/2% of the average compensation for the three highest consecutive years of credited service, multiplied by the number of years of service, plus a supplementary allowance of \$2.00 per month for each month of service. The plan also provides various death benefits, whereby the disabled employee or surviving spouse is entitled to receive amounts determined in accordance with the plan.

2. *Contributions Required and Made* - Covered employees and the School Board are required by State statute to contribute fixed percentages of employees' gross earnings to the pension plans. Contribution rates for the plan are 6.35% for participating employees and 6.00% for the School Board. However, the School Board employer contribution was funded by the State of Louisiana through annual appropriations for the years ended June 30, 2001 and 2002.

CITY OF BOGALUSA SCHOOL BOARD
Notes to the Basic Financial Statements (Continued)
June 30, 2002

12. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In accordance with State statutes, the School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. Currently, retirees are eligible to participate in these benefits. These benefits for retirees are provided through the State Employees Group Benefits Program whose monthly premiums are paid jointly by the retirees and by the School Board. During fiscal year 2002, the School Board contributed 52% of the total premiums for health care insurance provided to the retirees. The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure on a pay-as-you-go basis when the monthly premiums are due. The School Board's net cost of providing all health care benefits to the approximately 334 active and 233 retired participating employees amounted to \$1,721,059 for 2002. For 2001, the School Board's cost of premiums paid for retirees totaled \$894,649.

13. EXPENDITURES – ACTUAL AND BUDGET

Actual expenditures over appropriations at the fund level are as follows:

	<u>Expenditures</u>		<u>Unfavorable Variance</u>
	<u>Budget</u>	<u>Actual</u>	
Leeway Maintenance	\$ 410,463	\$ 435,561	\$ (25,098)
Special Education	508,950	525,371	(16,421)

14. LITIGATION

At June 30, 2002, the School Board was a defendant in several lawsuits arising principally from the normal course of operations. The ultimate resolution of these lawsuits would not materially affect the financial statements in the opinion of the legal advisor of the School Board.

15. RISK MANAGEMENT

The School Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School Board carries commercial insurance.

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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Members of the
City of Bogalusa School Board
1705 Sullivan Drive
Bogalusa, LA 70429

We have audited the basic financial statements of the **City of Bogalusa School Board** (the “School Board”) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School Board’s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation

of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School Board, the School Board's management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Rebowe & Company

December 13, 2002

SUPPLEMENTAL INFORMATION

CITY OF BOGALUSA SCHOOL BOARD
Budgetary Comparison Schedule
General Fund and Major Special Revenue
Funds with Legally Adopted Budgets

GENERAL FUND

To account for resources traditionally associated with the School Board which are not required legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

Leeway Maintenance Fund - Accounts for the receipt and disbursement of a 7.76 mill ad valorem tax. The proceeds are dedicated as a special tax leeway for maintenance.

School Lunch Fund - A program that provides nourishing meals to students in all grades. This program is supplemented by both federal and state funds that are based on reimbursement and participation.

Title I of the Education Consolidation and Improvement Act (ECIA) - A program designed to meet the educational needs of students at risk of failure in school and of dropping out.

Special Education Fund - Federal and state programs which provide a free, appropriate, publicly supported education to every exceptional child in a least restricted environment. Services are provided through various programs: Idea-B, Preschool, Child Search, and Extended School Year.

SCHEDULES REQUIRED BY STATE LAW

(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)

CITY OF BOGALUSA SCHOOL BOARD

General Fund

Budgetary Comparison Schedule

For the Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive/ (Negative)
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 1,697,745	\$ 2,183,000	\$ 2,244,626	\$ 61,626
Sales and use	1,980,779	2,069,772	2,228,817	159,045
Interest earnings	-	-	27,570	27,570
Other	72,500	189,348	282,468	93,120
Total local sources	<u>3,751,024</u>	<u>4,442,120</u>	<u>4,783,481</u>	<u>341,361</u>
State sources:				
Minimum Foundation Program	12,167,552	12,389,635	12,389,635	-
Revenue sharing	214,546	214,546	205,563	(8,983)
Professional improvement program	95,000	121,953	94,416	(27,537)
Other state support	668,101	590,120	593,611	3,491
Total state sources	<u>13,145,199</u>	<u>13,316,254</u>	<u>13,283,225</u>	<u>(33,029)</u>
Federal sources	<u>80,960</u>	<u>642,733</u>	<u>391,508</u>	<u>(251,225)</u>
Total revenues	<u>16,977,183</u>	<u>18,401,107</u>	<u>18,458,214</u>	<u>57,107</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	7,078,445	8,198,789	7,004,597	1,194,192
Special programs	2,729,769	2,979,110	2,771,577	207,533
Vocational programs	449,208	484,495	444,463	40,032
Other instructional	1,013,891	492,979	682,003	(189,024)
Special program	146,971	214,128	-	214,128
Adult education	46,044	37,178	44,338	(7,160)
Support services:				
Student services	809,500	867,525	1,079,100	(211,575)
Instructional staff support	423,538	454,136	441,203	12,933
General administration	673,557	753,626	1,584,875	(831,249)
School administration	1,092,457	1,180,212	1,163,463	16,749
Business services	270,819	339,629	369,702	(30,073)
Plant services	1,482,976	2,089,467	1,237,719	851,748
Student transportation services	728,073	793,256	801,786	(8,530)
Central services	31,935	34,242	42,934	(8,692)
Total expenditures	<u>16,977,183</u>	<u>18,918,772</u>	<u>17,667,760</u>	<u>1,251,012</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(517,665)</u>	<u>790,454</u>	<u>1,308,119</u>

(Continued)

CITY OF BOGALUSA SCHOOL BOARD
General Fund
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive/ (Negative)
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	1,655,155	1,708,045	-	(1,708,045)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	1,655,155	1,708,045	-	(1,708,045)
NET CHANGES IN FUND BALANCE	1,655,155	1,190,380	790,454	(399,926)
FUND BALANCE - JULY 1, 2001	-	517,666	517,668	2
FUND BALANCE - JUNE 30, 2002	\$ 1,655,155	\$ 1,708,046	\$ 1,308,122	\$ (399,924)

CITY OF BOGALUSA SCHOOL BOARD
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2002

Food Services Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Food Services	\$ 148,775	\$ 141,336	\$ 141,581	\$ 245
Interest on cash and investments	2,035	500	568	68
Other local sources	-	-	-	-
State equalization	225,989	209,989	209,989	-
Grants	1,352,112	1,339,187	1,311,105	(28,082)
Total revenues	<u>1,728,911</u>	<u>1,691,012</u>	<u>1,663,243</u>	<u>(27,769)</u>
EXPENDITURES				
Food services	1,728,911	2,091,241	480,434	1,610,807
General Administration	-	-	814,325	(814,325)
Plant Services	-	-	138,769	(138,769)
Total expenditures	<u>1,728,911</u>	<u>2,091,241</u>	<u>1,433,528</u>	<u>657,713</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(400,229)</u>	<u>229,715</u>	<u>629,944</u>
FUND BALANCE - JULY 1, 2001	<u>-</u>	<u>400,229</u>	<u>346,015</u>	<u>(54,214)</u>
FUND BALANCE - JUNE 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,730</u>	<u>\$ 575,730</u>

CITY OF BOGALUSA SCHOOL BOARD

Budgetary Comparison Schedule

For the Year Ended June 30, 2002

Title I

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Grants	\$ 1,086,786	\$ 1,162,820	\$ 1,113,819	\$ (49,001)
Total revenues	<u>1,086,786</u>	<u>1,162,820</u>	<u>1,113,819</u>	<u>(49,001)</u>
EXPENDITURES				
Current:				
Instruction:				
Special program	709,278	825,145	573,701	251,444
Support services:				
Instructional staff support	282,735	227,541	415,867	(188,326)
General administration	-	1,100	111,408	(110,308)
Plant services	94,773	106,994	12,242	94,752
Community service operations	-	2,040	601	1,439
Total expenditures	<u>1,086,786</u>	<u>1,162,820</u>	<u>1,113,819</u>	<u>49,001</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JULY 1, 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BOGALUSA SCHOOL BOARD
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2002

Leeway Maintenance

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Local sources:				
Ad valorem taxes	\$ 306,649	\$ 384,364	\$ 395,827	\$ 11,463
Interest	-	-	3,352	3,352
Other	4,300	1,500	-	(1,500)
State sources:				
Revenue sharing	37,860	24,184	36,276	12,092
Total revenues	<u>348,809</u>	<u>410,048</u>	<u>435,455</u>	<u>25,407</u>
EXPENDITURES				
Current:				
General administration	-	-	11,960	(11,960)
Plant services	348,809	410,463	423,601	(13,138)
Total expenditures	<u>348,809</u>	<u>410,463</u>	<u>435,561</u>	<u>(25,098)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(415)</u>	<u>(106)</u>	<u>309</u>
FUND BALANCE - JULY 1, 2001	<u>-</u>	<u>415</u>	<u>590</u>	<u>175</u>
FUND BALANCE - JUNE 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484</u>	<u>\$ 484</u>

CITY OF BOGALUSA SCHOOL BOARD

Budgetary Comparison Schedule

For the Year Ended June 30, 2002

Special Education

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Other	\$ -	\$ -	\$ 10,731	\$ 10,731
Federal sources:				
Unrestricted-indirect cost recoveries	-	-	32,313	32,313
Restricted grants-in-aid	508,950	508,950	482,327	(26,623)
Total revenues	508,950	508,950	525,371	16,421
EXPENDITURES				
Current:				
Instruction:				
Special programs	363,312	363,312	397,506	(34,194)
Other instructional	145,638	145,638	127,865	17,773
Total expenditures	508,950	508,950	525,371	(16,421)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCE - JULY 1, 2001	-	-	-	-
FUND BALANCE - JUNE 30, 2002	\$ -	\$ -	\$ -	\$ -

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INDEPENDENT ACCOUNTANT'S REPORT

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the City of Bogalusa School Board ("School Board") and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

No exceptions were noted.

Education Levels of Public School Staff (Schedule 2)

The information required for this schedule was not available as of October 1, 2001. Therefore, we performed the following procedures based on information as of October 1, 2002.

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals and Full-time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2002.

No exceptions were noted.

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals and Full-time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

No exceptions were noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2002 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined if the individual’s education level was properly classified on the schedule.

No exceptions were noted.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No exceptions were noted.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

The information required for this schedule was not available as of October 1, 2001. Therefore, we performed the following procedures based on information as of October 1, 2002.

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2002 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the schedule.

No exceptions were noted.

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No exceptions were noted.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

No exceptions were noted.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2001 roll books for those classes and determined if the class was properly classified on the schedule.

No exceptions were noted.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

No exceptions were noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

No exceptions were noted.

The IOWA Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

No exceptions were noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

December 13, 2002

CITY OF BOGALUSA SCHOOL BOARD
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2002

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 6,866,691	
Other Instructional Staff Activities	1,040,778	
Employee Benefits	2,481,770	
Purchased Professional and Technical Services	20,805	
Instructional Materials and Supplies	411,082	
Instructional Equipment	<u>57,573</u>	
Total Teacher and Student Interaction Activities		\$ 10,878,699

Other Instructional Activities

Pupil Support Activities	46,194	
Less: Equipment for Pupil Support Activities	<u>(10,274)</u>	
Net Pupil Support Activities		35,920

Instructional Staff Services	52,445	
Less: Equipment for Instructional Staff Services	<u>(20,086)</u>	
Net Instructional Staff Services		32,359

Total General Fund Instructional Expenditures	<u><u>\$ 10,946,978</u></u>
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Total General Fund Equipment Expenditures	<u><u>\$ 87,933</u></u>
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Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	348,838
Renewable Ad Valorem Tax	1,895,788
Debt Service Ad Valorem Tax	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	
Sales and Use Taxes	2,228,817
Total Local Taxation Revenue	<u><u>\$ 4,473,443</u></u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ 205,563
Total State Revenue in Lieu of Taxes	<u><u>\$ 205,563</u></u>

Nonpublic Transportation Revenue	<u><u>\$ 17,181</u></u>
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CITY OF BOGALUSA SCHOOL BOARD
Education Levels of Public School Staff
As of October 1, 2002

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bachelor's Degree	161	75%	26	100%	0	0%	0	N/A
Master's Degree	22	10%	0	0%	4	33%	0	N/A
Master's Degree + 30	29	13%	0	0%	7	58%	0	N/A
Specialist in Education	1	0%	0	0%	1	8%	0	N/A
Ph. D. or Ed. D.	2	1%	0	0%	0	0%	0	N/A
Total	215	100%	26	100%	12	100%	0	N/A

CITY OF BOGALUSA SCHOOL BOARD
Number and Type of Public Schools
For the Year Ended June 30, 2002

Type	Number
Elementary	6
Middle/Jr. High	2
Secondary	1
Combination	0
Total	9

Note: Schools opened or closed during the fiscal year are included in this schedule.

CITY OF BOGALUSA SCHOOL BOARD
Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2002

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	1	0	1	0	3
Principals	0	0	0	1	3	0	5	9
Classroom Teachers	22	25	78	26	24	14	52	241
Total	22	25	79	28	27	15	57	253

CITY OF BOGALUSA SCHOOL BOARD
Public School Staff Data
For the Year Ended June 30, 2002

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$32,544	\$32,202
Average Classroom Teachers' Salary Excluding Extra Compensation	\$29,481	\$29,388
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	\$211	\$206

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compens

CITY OF BOGALUSA SCHOOL BOARD

Class Size Characteristics

As of October 1, 2001

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	37%	55	62%	92	1%	2	0%	0
Elementary Activity Classes	100%	4	0%	0	0%	0	0%	0
Middle/Jr. High	58%	66	42%	48	0%	0	0%	0
Middle/Jr. High Activity Classes	87%	13	7%	1	7%	1	0%	0
High	47%	123	25%	66	27%	71	0%	0
High Activity Classes	50%	13	12%	3	38%	10	0%	0
Combination	N/A	0	N/A	0	N/A	0	N/A	0
Combination Activity Classes	N/A	0	N/A	0	N/A	0	N/A	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

CITY OF BOGALUSA SCHOOL BOARD
Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2002

District Achievement Level Results	English Language Arts						Mathematics					
	2002		2001		2000		2002		2001		2000	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	N/A	N/A	0	0%	5	2.2%	N/A	N/A	4	1.6%	6	2.7%
Proficient	N/A	N/A	32	12.6%	27	11.9%	N/A	N/A	28	11.1%	15	6.6%
Basic	N/A	N/A	100	39.5%	69	30.5%	N/A	N/A	103	40.7%	73	32.3%
Approaching Basic	N/A	N/A	71	28.1%	62	27.4%	N/A	N/A	63	24.9%	58	25.7%
Unsatisfactory	N/A	N/A	50	19.8%	63	27.9%	N/A	N/A	55	21.7%	74	32.7%
Total			253	100%	226	100%			253	100%	226	100%

District Achievement Level Results	Science						Social Studies					
	2002		2001		2000		2002		2001		2000	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	N/A	N/A	0	0%	0	0%	N/A	N/A	2	0.7%	0	0%
Proficient	N/A	N/A	22	8.2%	19	7.5%	N/A	N/A	25	9.4%	8	3.1%
Basic	N/A	N/A	77	28.8%	68	26.8%	N/A	N/A	108	40.4%	88	34.6%
Approaching Basic	N/A	N/A	74	27.7%	92	36.2%	N/A	N/A	53	19.9%	81	31.9%
Unsatisfactory	N/A	N/A	94	35.2%	75	29.5%	N/A	N/A	79	29.6%	77	30.3%
Total			267	100%	254	100%			267	100%	254	100%

CITY OF BOGALUSA SCHOOL BOARD
The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2002

District Achievement Level Results	English Language Arts						Mathematics					
	2002		2001		2000		2002		2001		2000	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	N/A	N/A	1	0.5%	N/A	N/A	N/A	N/A	4	1.9%	N/A	N/A
Proficient	N/A	N/A	12	5.8%	N/A	N/A	N/A	N/A	8	3.9%	N/A	N/A
Basic	N/A	N/A	80	38.8%	N/A	N/A	N/A	N/A	40	19.4%	N/A	N/A
Approaching Basic	N/A	N/A	47	22.8%	N/A	N/A	N/A	N/A	36	17.5%	N/A	N/A
Unsatisfactory	N/A	N/A	66	32.0%	N/A	N/A	N/A	N/A	118	57.3%	N/A	N/A
Total			206	100%					206	100%		

District Achievement Level Results	Science						Social Studies					
	2002		2001		2000		2002		2001		2000	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Proficient	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total												

CITY OF BOGALUSA SCHOOL BOARD

The IOWA Tests

For the Year Ended June 30, 2002

	Composite		
	2002	2001	2000
Test of Basic Skills (ITBS)			
Grade 3	N/A	45	50
Grade 5	N/A	46	42
Grade 6	N/A	46	48
Grade 7	N/A	49	46
Tests of Educational Development (ITED)			
Grade 9	N/A	44	40

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

CITY OF BOGALUSA SCHOOL BOARD

NON-MAJOR FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

Title VI of the Education Consolidation and Improvement Act (ECIA) - A program by which the federal government provides programs and projects to meet the educational needs of students at risk of failure in school and of dropping out, and which will enhance the general education climate of the schools.

Title II of the Education for Economic Security Act (EESA) - Authorizes federal funding to improve the quality of instruction and to improve in-service training of teachers and other appropriate school personnel in the field of mathematics and science.

Home Instruction Program for Preschool Youngsters (HIPPY) - HIPPY is a two-year program in which parents participate with their 3 or 4 year old child in pre-school activities at home to stress the importance of a parent's role in a child's transition from preschool to kindergarten.

CITY OF BOGALUSA SCHOOL BOARD
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2002

	Special Revenue			
	Title II	Title VI	Home Instruction for Preschool Youngster (HIPPY)	Total Non-major Governmental Funds
ASSETS				
Receivables	\$ 21,305	\$ 73,409	\$ 24,422	\$ 119,136
TOTAL ASSETS	<u>21,305</u>	<u>73,409</u>	<u>24,422</u>	<u>119,136</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	9,291	47,886	7,711	64,888
Interfund payables	<u>12,014</u>	<u>25,523</u>	<u>16,711</u>	<u>54,248</u>
Total Liabilities	<u>21,305</u>	<u>73,409</u>	<u>24,422</u>	<u>119,136</u>
Fund balances:				
Unreserved:	-	-	-	-
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,305</u>	<u>\$ 73,409</u>	<u>\$ 24,422</u>	<u>\$ 119,136</u>

CITY OF BOGALUSA SCHOOL BOARD
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2002

	Special Revenue			
	Title II	Title VI	Home Instruction for Preschool Youngsters (HIPPY)	Total Non-major Governmental Funds
REVENUES				
State sources:				
Other	\$ -	\$ -	\$ 114,314	\$ 114,314
Total State Sources	-	-	114,314	114,314
Federal Sources	35,297	218,874	-	254,171
Total Revenues	35,297	218,874	114,314	368,485
EXPENDITURES				
Current:				
Instruction:				
Special programs	-	218,874	67,521	286,395
Instructional staff support	34,851	-	44,019	78,870
General administration	-	-	-	-
Plant services	446	-	468	914
Community service programs	-	-	2,306	2,306
Total expenditures	35,297	218,874	114,314	368,485
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES - JULY 1, 2001	-	-	-	-
FUND BALANCES - JUNE 30, 2002	\$ -	\$ -	\$ -	\$ -

CITY OF BOGALUSA SCHOOL BOARD
Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Final Budget and Actual
For the Year Ended June 30, 2002

Title II

	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES			
Grants	\$ 36,227	\$ 35,297	\$ (930)
Commodities	-	-	-
Total revenues	<u>36,227</u>	<u>35,297</u>	<u>(930)</u>
EXPENDITURES			
Current:			
Support services:			
Instructional staff support	33,616	34,851	(1,235)
General administration	-	-	-
Plant services	<u>2,611</u>	<u>446</u>	<u>2,165</u>
Total expenditures	<u>36,227</u>	<u>35,297</u>	<u>930</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE - JULY 1, 2001	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BOGALUSA SCHOOL BOARD
Nonmajor Special Revenues Fund
Schedule of Revenues, Expenditures, and
Changes in fund Balances - Final Budget and Actual
For the Year Ended June 30, 2002

Title VI

	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES			
Grants	\$ 263,041	\$ 218,874	\$ (44,167)
Commodities	-	-	-
Total revenues	<u>263,041</u>	<u>218,874</u>	<u>(44,167)</u>
EXPENDITURES			
Current:			
Instruction:			
Special program	254,289	218,874	35,415
Support services:			
Plant services	8,752	-	8,752
Total expenditures	<u>263,041</u>	<u>218,874</u>	<u>44,167</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE - JULY 1, 2001	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2002	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF BOGALUSA SCHOOL BOARD
Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Final Budget and Actual
For the Year Ended June 30, 2002

HIPPY

	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES			
Grants	\$116,564	\$ 114,314	\$ (2,250)
Total revenues	<u>116,564</u>	<u>114,314</u>	<u>(2,250)</u>
EXPENDITURES			
Current:			
Instruction:			
Special program	59,543	67,521	(7,978)
Support services:			
Instructional staff support	54,071	44,019	10,052
Operations & maintenance	450	468	(18)
Community service operations	2,500	2,306	194
Total expenditures	<u>116,564</u>	<u>114,314</u>	<u>2,250</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE - JULY 1, 2001	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUND

School Activity Fund - The School Activity Agency Fund accounts for monies generated by the schools and organizations within the schools of the School Board. While these accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

CITY OF BOGALUSA SCHOOL BOARD
Agency Fund
Schedule of Changes in Deposit Balances
of Individual Schools
For the Year Ended June 30, 2002

SCHOOL ACTIVITY AGENCY FUND

	BALANCE JULY 1, 2001	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2002
Bogalusa High - Activity	\$23,505	\$224,541	\$219,243	\$28,803
Bogalusa High - General	2,025	99,098	104,652	(3,529)
Bogalusa High - Athletics	2,702	72,435	78,460	(3,323)
Bogalusa High - Quarterback Club	251	-	251	-
Bogalusa High - Lumberjack Diamond Club	2,711	7,463	8,285	1,889
Bogalusa Jr. High	40,100	65,680	62,595	43,185
Byrd Avenue Elementary	12,580	45,721	54,470	3,831
Columbia Street Elementary	14,550	36,203	39,480	11,273
Columbia Street Elementary Beta Club	1,251	340	551	1,040
Denhamtown Elementary	12,398	48,812	48,850	12,360
Denhamtown Elementary PTO	602	6,389	6,304	687
Long Avenue Elementary	5,501	-	5,501	-
Northside	857	64,723	60,911	4,669
Pleasant Hill Elementary	9,197	-	9,197	-
Pleasant Hill Elementary PTO	1,444	-	1,444	-
Superior Avenue Elementary	10,567	26,551	27,989	9,129
Terrace Elementary School Activity	1,167	749	271	1,645
Terrace Elementary	7,664	74,280	74,265	7,679
Total	<u>\$149,072</u>	<u>\$772,985</u>	<u>\$802,719</u>	<u>\$119,338</u>

CITY OF BOGALUSA SCHOOL BOARD
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2002

Richard E. Borde	\$ 9,600
Joel C. Foster	9,600
Gayle Jenkins	9,600
Linda McCullough	9,600
Larry Miller	9,600
Reverend Raymond E. Mims	9,600
Oscar Pierce	<u>9,600</u>
	<u>\$ 67,200</u>

**AUDIT REPORTS AND INFORMATION REQUIRED BY
THE SINGLE AUDIT ACT**

CITY OF BOGALUSA SCHOOL BOARD
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's number</u>	<u>Revenue</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Passed through Louisiana Department of Agriculture and Forestry:				
Food Distribution (non-cash)	10.550	N/A	75,176	75,176
Passed through Louisiana Department of Education:				
School Breakfast Program	10.553	N/A	332,570	332,570
National School Lunch	10.555	N/A	761,774	761,774
Summer Feeding	10.559	N/A	141,585	141,585
Total United States Department of Agriculture			1,311,105	1,311,105
<u>U.S. Department of Education</u>				
Passed through Louisiana Department of Education:				
Host (01-02)	84.332A	01-T2-66-C	54,337	54,337
Host (00-01 EXT)	84.332A	00-T2-66-C	57	57
Educationally Deprived Children (Title I 00-01 EXT)	* 84.010	01-T1-66	55,641	55,641
Educationally Deprived Children (Title I 01-02)	* 84.010	02-T1-66	1,003,784	1,003,784
Eisenhower Professional Development (Title II 00-01 EXT)	84.281A	01-50-66	2,419	2,419
Eisenhower Professional Development (Title II 01-02)	84.281A	02-50-66	29,381	29,381
Eisenhower Professional Development (Title II C/O)	84.281A	01-50-66	3,497	3,497
Safe and Drug - Free Schools Grant (Title IV 01-02)	84.186	02-70-66	10,029	10,029
Safe and Drug - Free Schools Grant (Title IV EXT 00-01)	84.186	01-70-66	4,325	4,325
Innovative Educational Program Strategies (Title 6 00-01 EXT)	84.298A	01-00-66	2,537	2,537
Innovative Educational Program Strategies (Title 6 01-02)	84.298A	02-00-66	18,647	18,647
Innovative Educational Program Strategies (Title 6 CSR 00-01 EXT)	84.281A	01-01-66	25,011	25,011
Innovative Educational Program Strategies (Title 6 CSR 01-02)	84.281A	02-01-66	160,921	160,921
Innovative Educational Program Strategies (Title 6 C/O)	84.281A	01-01-66	11,758	11,758
Handicapped State Grant - Idea B	84.027	99-FT-66	468,367	468,367
Idea - C	84.181A	02-C-5	165	165
Pre-School Flow-Through	84.173	00-PF-66	46,108	46,108
Adult Education - State Administered Basic Grant	84.002	N/A	37,124	37,124
Vocational Education - Carl Perkins Basic and Guidance	84.048A	N/A	48,897	48,897
First Tech	84.318		71,680	71,680
HSTWLA	84.318		49,997	49,997
Total United States Department of Education			2,104,682	2,104,682
<u>U.S. Department of Health and Human Services</u>				
Passed through Louisiana Office of Family Support:				
Temporary Assistance for Needy Families	93.558		106,749	106,749
Total United States Department of Education			106,749	106,749
<u>U.S. Department of the Army</u>				
Junior Reserve Officers Training Corps.	N/A	N/A	62,707	62,707
Total United States Department of the Army			62,707	62,707
Total Federal Financial Assistance			\$ 3,585,243	\$ 3,585,243

* Indicates major program.

CITY OF BOGALUSA SCHOOL BOARD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2002

**NOTE 1 - SCOPE OF AUDIT PURSUANT TO GOVERNMENT AUDITING STANDARDS,
OMB CIRCULAR A-133 - "AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-
PROFIT ORGANIZATIONS", AND THE SINGLE AUDIT ACT OF 1984 AND 1996
AMENDMENTS**

All federal grant operations of the School Board are included in the scope of the single audit. Those programs which were major programs and which were selected for specific testing included:

Title I

84.010

The Louisiana Department of Education has been designated as the School Board's cognizant agency for the single audit.

NOTE 2 - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2002. These prior-period revenues and expenditures are subject to the audit requirements of the applicable federal funding sources. Grant terms are indicated in the Schedule of Expenditures of Federal Awards.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the School Board has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent that revenue is available.

Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by the School Board. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year-end represent an excess of reimbursable expenditures over cash reimbursements received. Generally, accrued balances caused by differences in the timing of cash reimbursements and expenditures will be reversed in the remaining grant period.

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Members of
City of Bogalusa School Board
1705 Sullivan Drive
Bogalusa, LA 70429

Compliance

We have audited the compliance of the **City of Bogalusa School Board** (the "School Board") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Board's compliance with those requirements.

As described in item 02-01 in the accompanying Schedule of Findings and Questioned Costs, the School Board did not comply with requirements regarding eligibility that are applicable to its Title I Program. Compliance with such requirements is necessary, in our opinion, for the School Board to comply with requirements applicable to that program.

In our opinion, except for the non compliance described in the preceding paragraph, the School Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School Board, the School Board's management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Reboue & Company

December 13, 2002

CITY OF BOGALUSA SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2002

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the City of Bogalusa School Board (the "School Board").
2. No material weaknesses or reportable conditions in internal control over financial reporting relating to the audit of the basic financial statements are reported in the *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the School Board are reported in the *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
4. No material weaknesses or reportable conditions in internal control relating to the audit of major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the School Board expresses a qualified opinion.
6. Audit findings that are required to be reported under Section 510(a) of OMB Circular A-133 are reported in this schedule. This includes one finding which is referred to as 02-01.
7. The program tested as a major program includes:

CFDA No.

Title I

84.010

8. The threshold for distinguishing between type A and type B programs was \$300,000.
9. The School Board was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

CITY OF BOGALUSA SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2002

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

COMPLIANCE

02-01 Title I CFDA 84.010

Eligibility

Condition:

The School Board served Columbia Street Elementary School, a school with a 63.18% poverty rate, with Title I funds but did not serve Bogalusa Junior High School, a school with an 81.17% poverty rate.

Criteria:

According to Title I regulations governing eligibility, the School Board must serve schools that are above the 75% poverty level before it serves any school below the 75% poverty level.

Cause:

The Title I Director was unaware of the 75% requirement.

Effect:

The School Board is not in compliance with Title I eligibility requirements and, therefore, the amount of support provided to the ineligible school is considered to be a questioned cost.

Questioned Cost:

An estimate of the questioned cost is based on the amount allocated to Columbia Street Elementary School in the consolidated plan for the 2001-2002 year. This amount is \$43,930.

Recommendation:

We recommend that the School Board develop procedures to identify all Title I compliance requirements.

CITY OF BOGALUSA SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2002

Management's Response

We concur with the above finding and recommendation. We were not aware of this compliance requirement. This error was included in our consolidated plan which was approved by the State. The State informed us subsequently that we were not in compliance. We corrected this in our consolidated plan for the 2002-2003 school year which calls for us to serve all schools above the 75% poverty level. Contact: Willie E. Breaux (985) 735-1392.

CITY OF BOGALUSA SCHOOL BOARD
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2002

There were no prior year findings as defined by *Government Auditing Standards* that are required to be addressed in this section.